



SELAN EXPLORATION TECHNOLOGY LIMITED
ANNUAL REPORT 2000 – 2001

ANNUAL REPORT

SELAN

2000 - 01

BOARD OF DIRECTORS

Mr. R. N. Kapur *Chairman*

Mr. Rohit Kapur * *Vice Chairman*

Mr. A. Mahajan • Dr. B. K. Barman • Mr. R. Mathrani • Mr. B. M. Mirza *

Ms. R. Kapur • Mr. T. Currimbhoy • Mr. V. B. Mahajan *

* *Members of the Audit Committee*

CORPORATE ADVISORS

Dr. D.J. Corbishley

Mr. C. Ratnam

SENIOR ADVISORS

Mr. A.M. Awasthi – *Seismic* • Mr. P.K. Kulkarni – *Reservoir*

Dr. S. Srinivasan – *Exploration*

COMPANY SECRETARY

Mr. Manvinder Singh

AUDITORS

V. Sankar Aiyar & Company, Chartered Accountants, New Delhi

BANKERS

Corporation Bank • Hongkong & Shanghai Banking Corporation

REGISTERED OFFICE

First Floor, 11 Hauz Khas Village, New Delhi – 110 016

REGISTRARS AND SHARE TRANSFER AGENTS

MCS Ltd., Sri Venkatesh Bhavan, 212A, Shahpurjat (Behind Panchsheel Club) New Delhi – 110 016

DIRECTORS' REPORT

SELAN

Your Directors have pleasure in presenting the Annual Report for the year ended 31 March 2001.

The upswing in international prices of crude oil continued in the past year leaving a positive impact on the profitability of your Company. The regulatory framework of the oil sector also continued to witness the process of planned liberalisation undertaken by the Government of India (GOI) with new rounds of bidding under the New Exploration Licensing Policy (NELP).

Financial Performance

Your Company has been receiving the provisional International price in respect of the oil produced from the three oilfields viz. Bakrol, Indrora and Lohar. Alongwith these prices your company witnessed an increase in its profitability owing to low operating expenses. The major highlights are given as under :

(Rs. Millions)	2000-2001	% to Total	1999-2000	% to Total
a) Sale of Crude Oil	74	91	58	91
b) Geophysical Services	-	-	-	-
c) Other Income	7	9	6	9
TOTAL	81	100	64	100
NET PROFIT	15	NA	14	NA

Net profit of the Company improved from Rs. 13.65 million in 1999 – 2000 to Rs. 15.60 million in the year under consideration after writing off the issue expenses of Rs. 10.43 million fully this year (as against the balance period of 4 years) and seismic expenses of Rs. 3.74 million, though last year expenses in seismic operations were intended to be amortised over a period not exceeding 5 years. The Directors have considered it proper to write off fully the expenditure carried forward from last year and that of the current year. The reserves, as a result of increased profits, have gone up to Rs. 98 million from Rs. 83 million in last year.

Oil Production and Business Development

The major production of crude oil produced by the Company is from Bakrol oilfield. The Company in the past year sold 63,102 barrels of crude oil cumulatively from all the fields vs. 67,187 barrels during the year ended 31 March 2000. This normal rate of depletion from existing wells were offset by continued high oil prices during the year.

The Company's plans about the development of its oilfields, especially the Bakrol oilfield, are delayed because of delays in grant of Mining Lease by Government of Gujarat and finalisation of crude prices by Government of India. Your Company hopes to resolve these issues with the respective Governments at the earliest.

Signing of the Production Sharing Contracts for KARJISAN and OGNAJ fields in onshore Gujarat is also delayed as a result of finalisation of terms and conditions in this regard.

New Well

During the year under consideration, your Company drilled a new well in the Bakrol field successfully which is a step towards execution of Development Plan for Bakrol field. The drilling phase proceeded smoothly and "Well Activation" plan is currently in progress. The overall expenses incurred for drilling of new well amounted to approximately Rs. 22.57 million.

Seismic Operations

The seismic evaluation of oil reserves in the field is an essential part of oil exploration activity. The seismic evaluation was undertaken with reference to Indrora field during the current year. The detailed interpretation report shall help management to devise the future development plans in respect of this oilfield, although being in shale reservoir it is proving to be a significant challenge.

Buyback of Shares

The Company successfully completed the planned Buyback of Equity Shares on 20 September 2000. The Company in this buyback purchased 712,750 shares for a total cumulative consideration of Rs. 7.83 million. As per the terms of Section 77AA of the Companies Act, 1956, the Company transferred a sum of Rs. 7.12 million to Capital Redemption Reserve Account.

The Company is continuing the Buyback scheme of Equity Shares in the current fiscal year for which it is eligible to buyback its shares from the open market through The Stock Exchange, Mumbai.

Board of Directors

Mr. A. Mahajan, Mr. B. M. Mirza and Mrs. R. Kapur retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. During the year Mr. N. I. Mehta resigned from the Board. Your Directors convey their thanks for the guidance and advice rendered by Mr. N. I. Mehta over the years of his association with the Company as a Director.

DIRECTORS' REPORT (CONTD...)**SELAN****Directors Responsibility Statement**

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, the Board of Directors do hereby state that in preparation of the Annual Accounts, the applicable Accounting Standards have been duly followed, that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period, that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, and that the Directors have prepared the annual accounts on a going concern basis.

Audit Committee

In compliance with provisions of Section 292A of the Companies Act, 1956, the Company has constituted an Audit Committee comprising of three Directors. The Directors constituting the Committee are Mr. B. M. Mirza, Mr. Rohit Kapur and Mr. V. B. Mahajan.

Audit Report

The Auditors' observation on the repayment of the ERAS loan to the All India Financial Institutions is self explanatory in Note 2 of Notes on Accounts.

Auditors

The Auditors, M/s V. Sankar Aiyar & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Stock Exchanges

Your Company has paid the Annual listing fee for the year 2000-2001 to all Stock Exchanges where equity shares of your Company are listed. The equity shares of your Company are listed at the Delhi, Mumbai and Ahmedabad Stock Exchanges.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

The activities undertaken by your Company do not fall under the purview of disclosure of particulars under Section 217(1)(e) of the Companies Act, 1956, in so far as it relates to the conservation of energy and technology absorption. Particulars with regard to foreign exchange outgo appear as point nos. 11, 12 & 16 of the Notes forming Part of the Accounts.

PERSONNEL

As required by the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of the employees are set out in the Annexure to the Directors' Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, any shareholder interested in obtaining such particulars may write to the Registrars and Share Transfer Agents or to the Secretary at the Registered Office of the Company.

ACKNOWLEDGEMENTS

Your Directors wish to convey their thanks to Government of India, Ministry of Petroleum and Natural Gas and the Bankers of your Company for the broad assistance and help extended by them throughout the year. The management and employees have also contributed immensely to the growth of your Company. Finally, the Directors greatly value your continued support and goodwill as shareholders of the Company and view the coming year with optimism.

For and on Behalf of the Board

26 April 2001
New DelhiR.N. KAPUR
Chairman